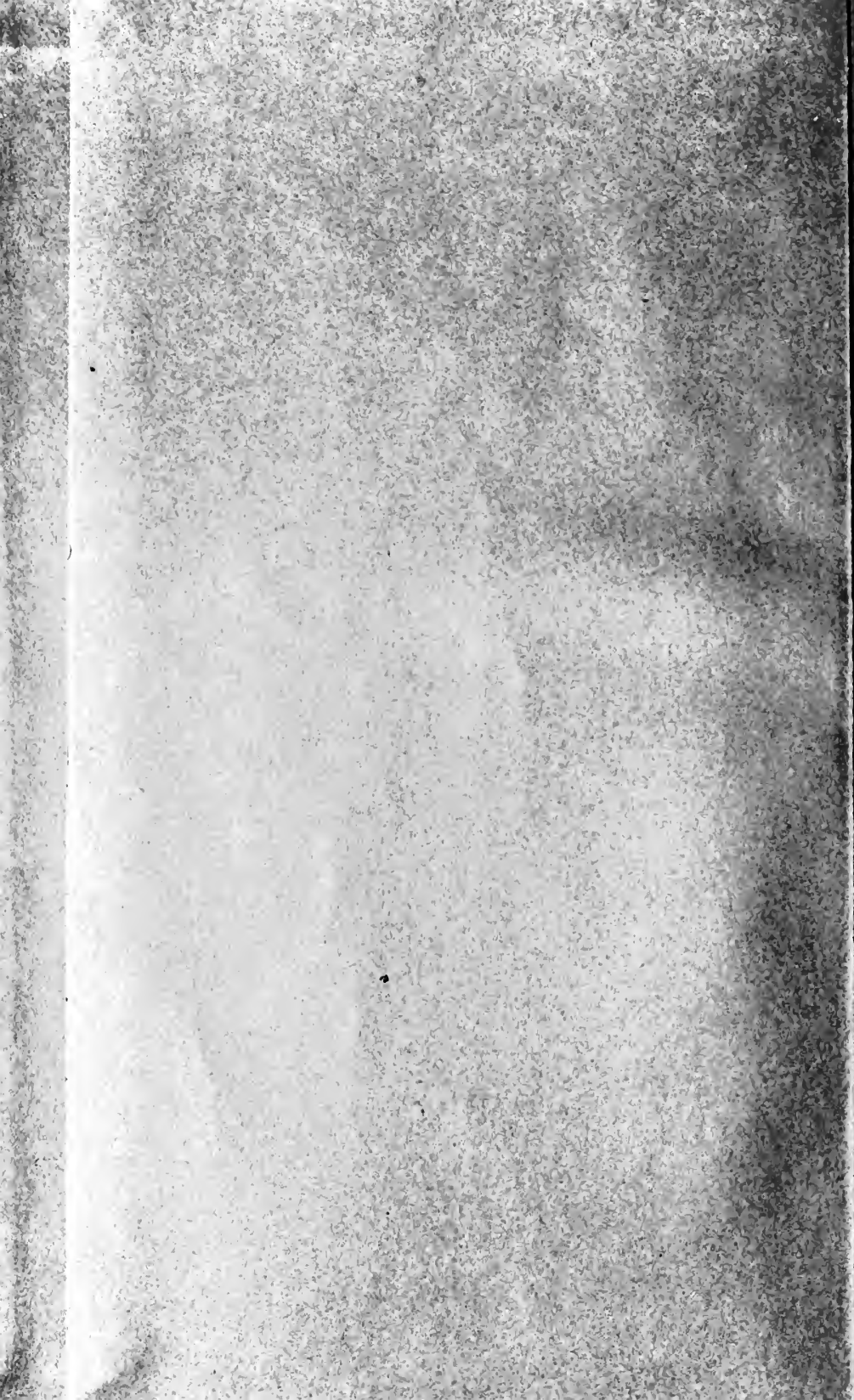
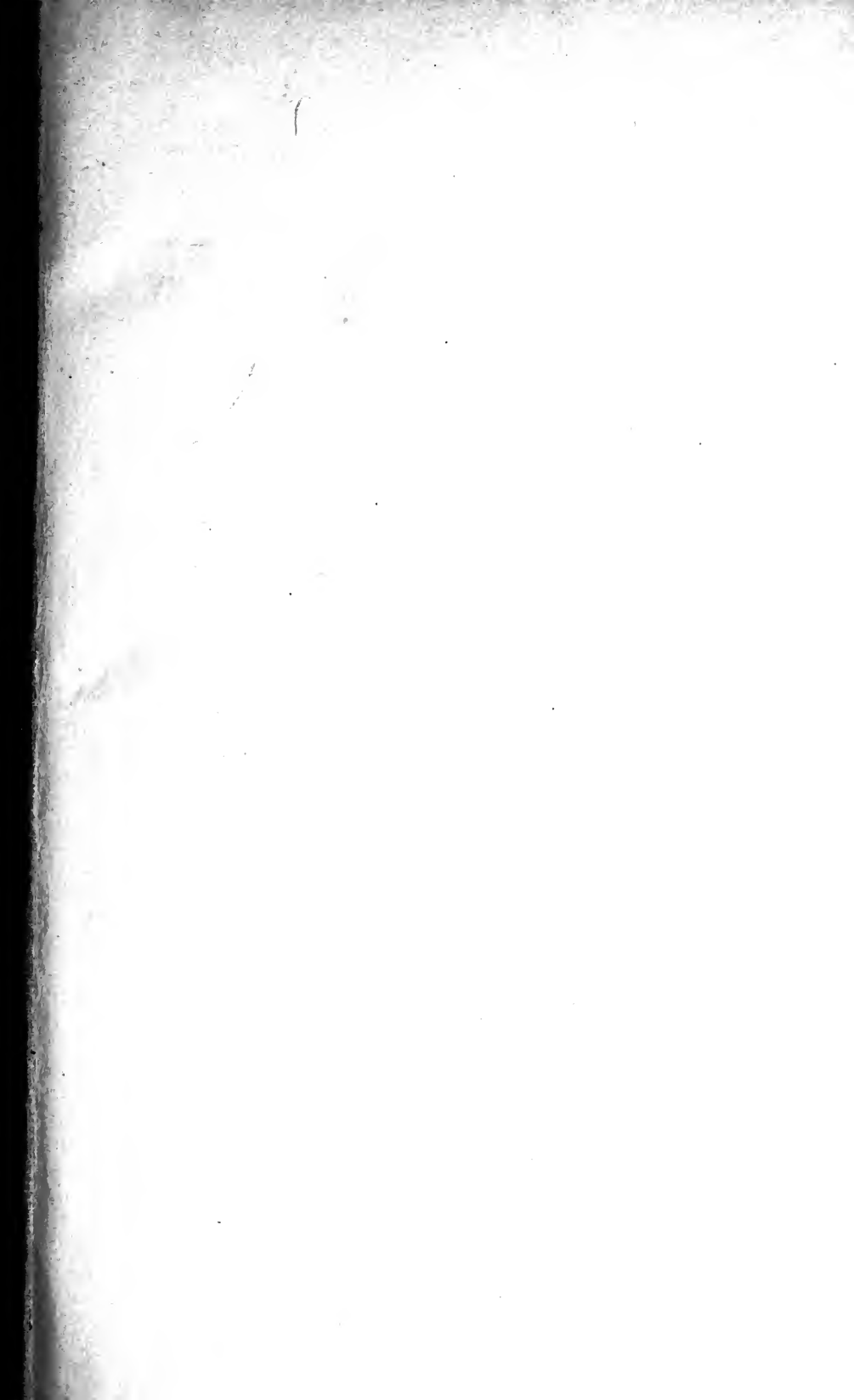


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Speech
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SPEECH

OF THE

HON. HENRY CLAY, OF KENTUCKY,

ESTABLISHING

A deliberate design, on the part of the late and present Executive of the United States,

TO

BREAK DOWN THE WHOLE BANKING SYSTEM

OF THE UNITED STATES,

COMMENCING WITH THE BANK OF THE UNITED STATES, AND
TERMINATING WITH THE STATE BANKS,

AND TO

CREATE ON THEIR RUINS A GOVERNMENT TREASURY BANK,

UNDER THE EXCLUSIVE CONTROL OF THE EXECUTIVE;

AND IN

REPLY TO THE SPEECH OF THE HON. J. C. CALHOUN,

OF SOUTH CAROLINA,

SUPPORTING THAT TREASURY BANK.

Delivered in the Senate of the United States, February 19, 1838.

WASHINGTON:

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1838.

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SPEECH.

Mr. CLAY rose, and addressed the Senate as follows: I have seen some public service, passed through many troubled times, and often addressed public assemblies, in this Capitol and elsewhere; but never before have I risen in a deliberative body, under more oppressed feelings, or with a deeper sense of awful responsibility. Never before have I risen to express my opinions upon any public measure, fraught with such tremendous consequences to the welfare and prosperity of the country, and so perilous to the liberties of the people, as I solemnly believe the bill under consideration will be. If you knew, sir, what sleepless hours reflection upon it has cost me, if you knew with what fervor and sincerity I have implored Divine assistance to strengthen and sustain me in my opposition to it, I should have credit with you, at least, for the sincerity of my convictions, if I shall be so unfortunate as not to have your concurrence as to the dangerous character of the measure. And I have thanked my God that he has prolonged my life until the present time, to enable me to exert myself in the service of my country, against a project far transcending in pernicious tendency any that I have ever had occasion to consider. I thank him for the health I am permitted to enjoy; I thank him for the soft and sweet repose which I experienced last night; I thank him for the bright and glorious sun which shines upon us this day.

It is not my purpose, at this time, Mr. President, to go at large into a consideration of the causes which have led to the present most disastrous state of public affairs. That duty was performed by others, and myself, at the extra session of Congress. It was then clearly shown that it sprung from the ill-advised and unfortunate measures of executive administration. I now will content myself with saying that, on the 4th day of March, 1829, Andrew Jackson, not by the blessing of God, was made President of these United States; that the country then was eminently prosperous; that its currency was as sound and safe as any that a people were ever blessed with; that, throughout the wide extent of this whole Union, it possessed a uniform value; and that exchanges were conducted with such regularity and perfection, that funds could be transmitted from one extremity of the Union to the other, with the least possible risk or loss. In this encouraging condition of the business of the country, it remained for several years, until after the war, wantonly waged against the late Bank of the United States, was completely successful, by the overthrow of that invaluable institution. What our present situation is, it is as needless to describe as it is painful to contemplate. First felt in our great commercial marts, distress and embarrassment have penetrated into the interior, and now pervade almost the entire Union. It has been justly remarked by one of the soundest and most practical writers that I have had occasion to consult, that "all convulsions in the circulation and commerce of every country must originate in the operations of the Government, or in the mistaken views and erroneous measures of those possessing the power of influencing credit and circulation; for they are not otherwise

susceptible of convulsion, and if left to themselves, they will find their own level, and flow nearly in one uniform stream."

Yes, Mr. President, we all have but too melancholy a consciousness of the unhappy condition of our country. We all too well know, that our noble and gallant ship lies helpless and immoveable upon breakers, dismasted, the surge beating over her venerable sides, and the crew threatened with instantaneous destruction. How came she there? Who was the pilot at the helm when she was stranded? The party in power! The pilot was aided by all the science and skill, by all the charts and instruments of such distinguished navigators as Washington, the Adamses, Jefferson, Madison, and Monroe; and yet he did not, or could not, save the public vessel. She was placed in her present miserable condition by his bungling navigation, or by his want of skill and judgment. It is impossible for him to escape from one or the other horn of that dilemma. I leave him at liberty to choose between them.

I shall endeavor, Mr. President, in the course of the address I am about making, to establish certain propositions, which I believe to be incontestable; and, for the sake of perspicuity, I will state them severally to the Senate. I shall contend—

1st. That it was the deliberate purpose and fixed design of the late administration to establish a Government bank—a Treasury bank—to be administered and controlled by the Executive department.

2d. That, with that view, and to that end, it was its aim and intention to overthrow the whole banking system, as existing in the United States when that administration came into power, beginning with the Bank of the United States, and ending with the State banks.

3d. That the attack was first confined, from considerations of policy, to the Bank of the United States; but that, after its overthrow was accomplished, it was then directed, and has since been continued, against the State banks.

4th. That the present administration, by its acknowledgments, emanating from the highest and most authentic source, has succeeded to the principles, plans, and policy, of the preceding administration, and stands solemnly pledged to complete and perfect them.

And, 5th. That the bill under consideration is intended to execute the pledge, by establishing, upon the ruins of the late Bank of the United States, and the State banks, a Government bank, to be managed and controlled by the Treasury Department, acting under the commands of the President of the United States.

I believe, solemnly believe, the truth of every one of these five propositions. In the support of them, I shall not rely upon any gratuitous surmises or vague conjectures, but upon proofs, clear, positive, undeniable, and demonstrative. To establish the first four, I shall adduce evidence of the highest possible authenticity, or facts admitted or undeniable, and fair reasoning founded on them. And as to the last, the measure under consideration, I think the testimony, intrinsic and extrinsic, on which I depend, stamps, beyond all doubt, its true character as a Government bank, and ought to carry to the mind of the Senate the conviction which I entertain, and in which I feel perfectly confident the whole country will share.

1. My first proposition is, that it was the deliberate purpose and fixed design of the late administration to establish a Government bank—a Treasury bank—to be administered and controlled by the Executive Department. To establish its truth, the first proof which I offer is the following extract from President Jackson's annual message of December, 1829: "The charter of the

Bank of the United States expires in 1836, and its stockholders will most probably apply for a renewal of their privileges. In order to avoid the evils resulting from precipitancy, in a measure involving such important principles, and such deep pecuniary interests, I feel that I cannot, in justice to the parties interested, too *soon* present it to the consideration of the Legislature and the people. Both the constitutionality and the expediency of the law creating this bank, are *well questioned by a large portion of our fellow-citizens*; and it must be *admitted by all* that it has failed in the great end of establishing a uniform and sound currency.

"Under these circumstances, if such an institution is deemed essential to the fiscal operations of the Government, *I submit to the wisdom of the Legislature*, whether a national one, founded upon *the credit of the Government and its revenues*, might not be devised, which would avoid all constitutional difficulties, and, at the same time, secure all the advantages to the Government and the country that were expected to result from the present bank."

This was the first open declaration of that implacable war against the late Bank of the United States, which was afterwards waged with so much ferocity. It was the sound of the distant bugle, to collect together the dispersed and scattered forces, and prepare for battle. The country saw with surprise the statement that "the constitutionality and expediency of the law creating this bank are well questioned *by a large portion of our fellow-citizens*," when, in truth and in fact, it was well known that but few then doubted the constitutionality, and none the expediency of it. And the assertion excited much greater surprise, that "it must be *admitted by all* that it has failed in the great end of establishing a uniform and sound currency." In this message, too, whilst a doubt is intimated as to the utility of such an institution, President Jackson clearly first discloses his object to establish a national one, founded upon *the credit of the Government and its revenues*. His language is perfectly plain and unequivocal. Such a bank, founded upon the credit of the Government and its revenues, would secure all the advantages to the Government and the country, he tells us, that were expected to result from the present bank.

In his annual message of the ensuing year, the late President says: "The importance of the principles involved in the inquiry, whether it will be proper to recharter the Bank of the United States, requires that I should again call the attention of Congress to the subject. Nothing has occurred to lessen, in any degree, the dangers which many of our citizens apprehend from that institution, as at *present organized*. In the spirit of improvement and compromise which distinguishes our country and its institutions, it becomes us to inquire *whether it be not possible to secure the advantages afforded by the present bank, through the agency of a Bank of the United States, so modified in its principles* as to obviate constitutional and other objections.

"It is thought practicable to organize such a bank, with the necessary officers, *as a branch of the Treasury Department*, based on the public and individual deposits, without power to make loans, or purchase property, which shall remit the funds of Government; and the expense of which may be paid, if thought advisable, by allowing its officers to *sell bills of exchange*, to private individuals, at a moderate premium. Not being a corporate body, having no stockholders, debtors, and property, and but few officers, it would not be obnoxious to the constitutional objections which are urged against the present bank; and having no means to operate on the hopes, fears, or interests, of large masses of the community, it would be short of the influence which makes that bank formidable."

In this message, President Jackson, after again adverting to the imaginary dangers of a Bank of the United States, recurs to his favorite project, and

inquires "whether it be not possible to secure the advantages afforded by the present bank, through the agency of a Bank of the United States, so modified in its principles and structure as to obviate constitutional and other objections." And to dispel all doubts of the timid, and to confirm the wavering, he declares that it is thought practicable to organize such a bank, with the necessary officers, as a branch of the Treasury Department. *As a branch of the Treasury Department!* The very scheme now under consideration. And, to defray the expenses of such an anomalous institution, he suggests that the officers of the Treasury Department may turn bankers and brokers, and sell bills of exchange to private individuals at a moderate premium!

In his annual message of the year 1831, upon this subject, he was brief and somewhat covered in his expressions. But the fixed purpose which he entertained is sufficiently disclosed to the attentive reader. He announces that, "entertaining the opinions *heretofore* expressed in relation to the Bank of the United States, *as at present organized*, I felt it my duty, in my former messages, frankly to disclose them, in order that the attention of the Legislature and the people should be seasonably directed to that important subject, and that it might be considered, and finally disposed of, in a manner best calculated to promote the ends of the constitution, and subserve the public interests." What were the opinions "*heretofore*" expressed we have clearly seen. They were adverse to the Bank of the United States, as at present *organized*, that is to say, an organization with any independent corporate Government; and in favor of a national bank which should be so constituted as to be subject to exclusive executive control.

At the session of 1831-'32, the question of the recharter of the Bank of the United States came up; and although the attention of Congress and the country had been repeatedly and deliberately before invited to the consideration of it by President Jackson himself, the agitation of it was now declared by him and his partisans to be precipitate and premature. Nevertheless, the country and Congress, conscious of the value of a safe and sound uniform currency, conscious that such a currency had been eminently supplied by the Bank of the United States, and unmoved by all the outcry raised against that admirable institution, the recharter commanded large majorities in both Houses of Congress. Fatally for the interests of this country, the stern self-will of General Jackson prompted him to risk every thing upon its overthrow. On the 10th of July, 1832, the bill was returned with his veto; from which the following extract is submitted to the attentive consideration of the Senate: "A Bank of the United States is, in many respects, convenient for the Government and useful to the people. Entertaining this opinion, and deeply impressed with the belief that some of the powers and privileges possessed by the existing bank are unauthorized by the constitution, subversive of the rights of the States, and dangerous to the liberties of the people, I felt it my duty, at an early period of my administration, to call the attention of Congress to the practicability of *organizing an institution*, combining all its *advantages*, and obviating these objections. I sincerely regret that, in the act before me, I can perceive none of those modifications of the bank charter which are necessary, in my opinion, to make it compatible with justice, with sound policy, or with the constitution of our country."

"That a Bank of the United States, competent to all the duties which may be required by Government, might be so organized as not to infringe upon our own delegated powers, or the reserved rights of the States, I do not entertain a doubt. Had the Executive been called upon to furnish the *project of such an institution*, the duty would have been cheerfully performed. In the absence of such a call, it is obviously proper that he should confine

himself to pointing out those prominent features in the act presented, which, in his opinion, make it incompatible with the constitution and sound policy."

President Jackson admits, in the citation which has just been made, that a Bank of the United States is, in many respects, convenient for the Government; and reminds Congress that he had, at an early period of his administration, called its attention to the practicability of so organizing such an institution as to secure all its advantages, without the defects of the existing bank. It is perfectly manifest that he alludes to his previous recommendations of a Government—a Treasury bank. In the same message he tells Congress, that if he had been called upon to *furnish the project* of such an institution, the duty would have been cheerfully performed. Thus it appears that he had not only settled in his mind the general principle, but had adjusted the details of a Government bank, to be subjected to executive control; and Congress is even chided for not calling upon him to present them. The bill now under consideration, beyond all controversy, is the very project which he had in view, and is to consummate the work which he began. I think, Mr. President, that you must now concur with me in considering the first proposition as fully maintained. I pass to the second and third, which, on account of their intimate connexion, I will consider together.

2. That, with the view of establishing a Government bank, it was the settled aim and intention of the late administration to overthrow the whole banking system of the United States, as existing in the United States when that administration came into power, beginning with the Bank of the United States, and ending with the State banks.

3. That the attack was first confined, from considerations of policy, to the Bank of the United States; but that, after its overthrow was accomplished, it was then directed, and has since been continued, against the State banks.

We are not bound to inquire into the motives of President Jackson for desiring to subvert the established monetary and financial system which he found in operation; and yet some examination into those which probably influenced his mind, is not without utility. These are to be found in his peculiar constitution and character. His egotism and vanity prompted him to subject every thing to his will; to change, to remould, and retouch, every thing. Hence the proscription which characterized his administration, the universal expulsion from office, at home and abroad, of all who were not devoted to him, and the attempt to render the Executive department of Government, to use a favorite expression of his own, a complete "unit." Hence his seizure of the public deposits in the Bank of the United States, and his desire to unite the purse with the sword. Hence his attack upon all the systems of policy which he found in practical operation; on that of internal improvements, and on that of the protection of national industry. He was animated by the same sort of ambition which induced the master-mind of the age, Napoleon Bonaparte, to impress his name upon every thing in France. When I was in Paris, the sculptors were busily engaged chiselling out the famous N., so odious to the Bourbon line, which had been conspicuously carved on the palace of the Tuilleries, and on other public edifices and monuments in the proud capital of France. When, Mr. President, shall we see effaced all traces of the ravages committed by the administration of Andrew Jackson! Society has been uprooted, virtue punished, vice rewarded, and talents and intellectual endowments despised; brutality, vulgarity, and loco-focoism upheld, cherished, and countenanced. Ages will roll around before the moral and political ravages which have been committed will, I fear, cease to be discernible. General Jackson's ambition was to make his administration an era in the history of the American Government, and he has accomplished that object of his ambition; but I trust that it will be

an era to be shunned as sad and lamentable, and not followed and imitated as supplying sound maxims and principles of administration.

I have heard his hostility to banks ascribed to some collision which he had with one of them, during the late war, at the city of New Orleans; and it is possible that may have had some influence upon his mind. The immediate cause, more probably, was the refusal of that perverse and unaccommodating gentleman, Nick Biddle, to turn out of the office of President of the New Hampshire branch of the Bank of the United States, at the instance of his Excellency Isaac Hill, in the summer of 1829, that giant-like person, Jeremiah Mason—giant in body, and giant in mind. War and strife, endless war and strife, personal or national, foreign or domestic, were the aliment of the late President's existence. War against the bank, war against France, and strife and contention with a countless number of individuals. The wars with Black Hawk and the Seminoles were scarcely a luncheon for his voracious appetite. And he made his exit from public life, denouncing war and vengeance against Mexico and the State banks.

My acquaintance with that extraordinary man commenced in this city, in the fall of 1815 or 1816. It was short, but highly respectful, and mutually cordial. I beheld in him the gallant and successful general, who, by the glorious victory of New Orleans, had honorably closed the second war of our independence, and I paid him the homage due to that eminent service. A few years after, it became my painful duty to animadvert, in the House of Representatives, with the independence which belongs to the representative character, upon some of his proceedings in the conduct of the Seminole war, which I thought illegal and contrary to the constitution and the law of nations. A non-intercourse between us ensued, which continued until the fall of 1824, when, he being a member of the Senate, an accommodation between us was sought to be brought about by the principal part of the delegation from his own State. For that purpose, we were invited to dine with them at Claxton's boarding-house, on Capitol hill, where my venerable friend from Tennessee [Mr. WHITE] and his colleague on the Spanish commission, were both present. I retired early from dinner, and was followed to the door by General Jackson and the present minister of the United States at the court of Madrid. They pressed me earnestly to take a seat with them in their carriage. My faithful servant and friend, Charles, was standing at the door, waiting for me, with my own. I yielded to their urgent politeness, directed Charles to follow with my carriage, and they sat me down at my own door. We afterwards frequently met, with mutual respect and cordiality; dined several times together, and reciprocated the hospitality of our respective quarters. This friendly intercourse continued until the election, in the House of Representatives, of a President of the United States came on in February, 1825. I gave the vote which, in the contingency that happened, I told my colleague, [Mr. CRITTENDEN,] who sits before me, prior to my departure from Kentucky, in November, 1824, and told others, that I should give. All intercourse ceased between General Jackson and myself. We have never since, except once accidentally, exchanged salutations, nor met except on occasions when we were performing the last offices towards deceased members of Congress or other officers of Government. Immediately after my vote, a rancorous war was commenced against me, and all the barking dogs let loose upon me. I shall not trace it during its ten years' bitter continuance. But I thank my God that I stand here, firm and erect, unbent, unbroken, unsubdued, unawed, ready to denounce the mischievous measures of his administration, and ready to denounce this, its legitimate offspring, the most pernicious of them all.

His administration consisted of a succession of astounding measures,

which fell on the public ear like repeated bursts of loud and appalling thunder. Before the reverberations of one peal had ceased, another and another came, louder and louder, and more terrifying. Or rather, it was like a volcanic mountain, emitting frightful eruptions of burning lava. Before one was cold and crusted; before the voices of the inhabitants of buried villages and cities were hushed in eternal silence, another, more desolating, was vomited forth, extending wider and wider the circle of death and destruction.

Mr. President, this is no unnecessary digression. The personal character of such a chief as I have been describing, his passions, his propensities, the character of his mind, should be all thoroughly studied, to comprehend clearly his measures and his administration. But I will now proceed to more direct and strict proofs of my second and third propositions. That he was resolved to break down the Bank of the United States, is proven by the same citations from his messages which I have made, to exhibit his purpose to establish a Treasury bank, is proven by his veto message, and by the fact that he did destroy it. The war against all other banks was not originally announced, because he wished the State banks to be auxiliaries in overthrowing the Bank of the United States, and because such an annunciation would have been too rash and shocking upon the people of the United States for even his tremendous influence. It was necessary to proceed in the work with caution, and to begin with that institution against which could be imbodyed the greatest amount of prejudice. The refusal to recharter the Bank of the United States was followed by a determination to remove from its custody the public money of the United States. That determination was first whispered in this place, denied, again intimated, and finally, in September, 1833, executed. The agitation of the American public which ensued, the warm and animated discussions in the country and in Congress, to which that unconstitutional measure gave rise, are all fresh in our recollection. It was necessary to quiet the public mind, and to reconcile the people to what had been done, before President Jackson seriously entered upon his new career of hostility to the State banks. At the commencement of the session of Congress in 1834, he imagined a sufficient calm had been produced, and, in his annual message of that year, the war upon the State banks was opened. In that message he says:

"It seems due to the safety of the public funds remaining in that bank, and to the honor of the American People, that measures be taken to *separate* the Government entirely from an institution so mischievous to the public prosperity, and so regardless of the Constitution and laws. By transferring the public deposits, by appointing other pension agents, as far as it had the power, by ordering the discontinuance of the receipt of bank checks in payment of the public dues after the first day of January next, the Executive has exerted all its lawful authority to *sever* the connexion between the Government and this faithless corporation."

In this quotation it will be seen that the first germe is contained of that separation and divorce of the Government from banks, which has recently made such a conspicuous figure. It relates, it is true, to the late Bank of the United States, and he speaks of separating and severing the connexion between the Government and that institution. But the idea, once developed, was easily susceptible of application to all banking institutions. In the message of the succeeding year, his meditated attack upon the State banks is more distinctly disclosed. Speaking of a sound currency, he says:

"In considering the means of obtaining so important an end, [that is, a sound currency,] we must set aside all calculations of *temporary* convenience, and be influenced by those only that are in harmony with the true character and permanent interests of the Republic. We must recur to *first principles*, and see what it is that has prevented the legislation of Congress and the States on the subject of currency from satisfying the public expectation, and realizing results corresponding to those which have attended the action of our system

when truly consistent with the great principle of equality upon which it rests, and with that spirit of forbearance and mutual concession and generous patriotism which was originally, and must ever continue to be, the vital element of our Union.

"On this subject, I am sure that I cannot be mistaken in ascribing our want of success to the undue countenance which has been afforded to the *spirit of monopoly*. All the serious dangers which our system has yet encountered may be traced to the resort to implied powers, and the use of corporations clothed with privileges, the effect of which is to advance the interests of the few at the expense of the many. We have felt but one class of these dangers, exhibited in the contest waged by the Bank of the United States against the Government for the last four years. Happily they have been obviated for the present by the indignant resistance of the People; but we should recollect that the principle whence they sprang is an ever-active one, which will not fail to renew its efforts in the same and in other forms, so long as there is a hope of success, founded either on the inattention of the People, or the treachery of their representatives to the subtle progress of its influence."

* * * * "We are now to see whether, in the present favorable condition of the country, we cannot take an effectual stand against this *spirit of monopoly*, and practically prove, in respect to the currency, as well as other important interests, that there is no necessity for so extensive a resort to it as that which has been heretofore practised."

* * * * "It has been seen that without the agency of a great moneyed monopoly the revenue can be collected, and conveniently and safely applied to all the purposes of the public expenditure. It is also ascertained that, instead of being necessarily made to promote the evils of an unchecked paper system, the management of the revenue can be made auxiliary to the reform which the Legislatures of several of the States have already commenced in regard to the suppression of small bills; and which has only to be fostered by proper regulations on the part of Congress, to secure a practical return, to the extent required for the security of the currency, to the constitutional medium."

As in the instance of the attack upon the Bank of the United States, the approach to the State banks is slow, cautious, and insidious. He reminds Congress and the country that all calculations of temporary convenience must be set aside; that we must recur to first principles; and that we must see what it is that has prevented the legislation of Congress and the States on the subject of the currency from satisfying public expectation. He declares his conviction that the want of success has proceeded from the undue countenance which has been afforded to the spirit of monopoly. All the serious dangers which our system has yet encountered may be traced to the resort to implied powers, and to the use of corporations. We have felt, he says, but one class of these dangers in the contest with the Bank of the United States, and he clearly intimates that the other class is the State banks. We are now to see, he proceeds, whether in the present favorable condition of the country, we cannot take an effectual stand against this spirit of monopoly. Reverting to his favorite scheme of a Government bank, he says it is ascertained that, instead of being made necessary to promote the evils of an unchecked paper system, the management of the revenue can be made auxiliary to the reform which he is desirous to introduce. The designs of President Jackson against the State banks are more fully developed and enlarged upon in his annual message of 1836, from which I beg leave to quote the following passages:

"I beg leave to call your attention to another subject intimately associated with the preceding one—the currency of the country.

"It is apparent, from the whole context of the Constitution, as well as the history of the times that gave birth to it, that it was the purpose of the convention to establish a currency consisting of the precious metals. These, from their peculiar properties, which rendered them the standard of value in all other countries, were adopted in this, as well to establish its commercial standard, in reference to foreign countries, by a permanent rule, as to exclude the use of a mutable medium of exchange, such as of certain agricultural commodities, recognised by the statutes of some States, as a tender for debts, or the still more pernicious expedient of a paper currency."

"Variableness must ever be the characteristic of a currency of which the precious metals are not the chief ingredient, or which can be expanded or contracted without regard to the principles that regulate the value of those metals as a standard in the general trade of the world. With us, bank issues constitute such a currency, and must ever do so, until they are made dependent on those just proportions of gold and silver, as a circulating

medium, which experience has proved to be necessary, not only in this, but in all other commercial countries. Where those proportions are not infused into the circulation, and do not control it, it is manifest that prices must vary according to the tide of bank issues, and the value and stability of property must stand exposed to all the uncertainty which attends the administration of institutions that are constantly liable to the temptation of an interest distinct from that of the community in which they are established."

"But although various dangers to our Republican institutions have been obviated by the failure of that bank to extort from the Government a renewal of its charter, it is obvious that little has been accomplished, except a salutary change of public opinion towards restoring to the country the sound currency provided for in the Constitution. In the acts of several of the States prohibiting the circulation of small notes, and the auxiliary enactments of Congress at the last session, forbidding their reception or payment on public account, the true policy of the country has been advanced, and a larger portion of the precious metals infused into our circulating medium. These measures will probably be followed up in due time by the enactment of State laws, banishing from circulation bank notes of still higher denominations; and the object may be materially promoted by further acts of Congress, forbidding the employment, as fiscal agents, of such banks as issue notes of low denominations, and throw impediments in the way of the circulation of gold and silver.

"The effects of an extension of *bank credits* and over-issues of bank paper have been strikingly illustrated in the sales of the public lands. From the returns made by the various registers and receivers in the early part of last summer, it was perceived that the receipts arising from the sales of public lands were increasing to an unprecedented amount. In effect, however, these receipts amount to nothing more than credits in banks. The banks lent out their notes to speculators; they were paid to the receivers, and immediately returned to the banks, to be lent out again and again, being mere instruments to transfer to speculators the most valuable public land, and pay the Government by a credit on the books of the banks. Those credits on the books of some of the Western banks, usually called deposits, were already greatly beyond their immediate means of payment, and were rapidly increasing. Indeed, each speculation furnished means for another; for no sooner had one individual or company paid in the notes, than they were immediately lent to another for a like purpose; and the banks were extending their business and their issues so largely as to alarm considerate men, and render it doubtful whether *these bank credits, if permitted to accumulate, would ultimately be of the least value to the Government.* The spirit of expansion and speculation was not confined to the deposit banks, but pervaded the whole multitude of banks throughout the Union, and was giving rise to new institutions to aggravate the evil.

"The safety of the public funds, and the interest of the People generally, required that these operations should be checked; and it became the duty of every branch of the General and State Governments to adopt all legitimate and proper means to produce that salutary effect. Under this view of my duty, I directed the issuing of the order, which will be laid before you by the Secretary of the Treasury, requiring payment of the public lands sold to be made in specie, with an exception until the 15th of the present month in favor of actual settlers. This measure has produced many salutary consequences. It checked the career of the Western banks, and gave them additional strength in anticipation of the pressure which has since pervaded our Eastern, as well as the European commercial cities. By preventing the expansion of the credit system, it measurably cut off the means of speculation, and retarded its progress in monopolizing the most valuable of the public lands. It has tended to save the new States from a non-resident proprietorship—one of the greatest obstacles to the advancement of a new country, and the prosperity of an old one. It has tended to keep open the public lands for entry by emigrants at Government prices, instead of their being compelled to purchase of speculators at double or treble prices. And it is conveying into the interior large sums in silver and gold, there to enter permanently into the currency of the country, and place it on a firmer foundation. It is confidently believed that the country will find, in the motives which induced that order, and the happy consequences which have ensued, much to commend, and nothing to condemn."

It is seen that he again calls the attention of Congress to the currency of the country, alleges that it was apparent from the whole context of the constitution, as well as the history of the times that gave birth to it, that it was the purpose of the convention to establish a currency consisting of the *precious metals*; imputes variableness and a liability to inordinate contraction and expansion to the existing paper system, and denounces bank issues, as being an uncertain standard. He felicitates himself upon the dangers which have been obviated by the overthrow of the Bank of the United States, but declares that little has been yet done, except to produce a salutary change of public opinion towards restoring to the country the sound currency *provided for in the constitution.* I will here say, in passing, that all this outcry about

the precious metals, gold, and the constitutional currency, has been put forth to delude the people, and to use the precious metals as an instrument to break down the banking institutions of the States, and to thus pave the way for the ultimate establishment of a great Government bank. In the present advanced state of civilization, in the present condition of the commerce of the world, and in the actual relations of trade and intercourse between the different nations of the world, it is perfectly chimerical to suppose that the currency of the United States should consist exclusively, or principally, of the precious metals.

In the quotations which I have made from the last annual message of General Jackson, he speaks of the extension of bank credits, and the over-issues of bank paper, in the operations upon the sales of public lands. In his message of only the preceding year, the vast amount of those sales had been dwelt upon with peculiar complaisance, as illustrating the general prosperity of the country, and as proof of the wisdom of his administration. But now that which had been announced as a blessing is deprecated as a calamity. Now, his object being to assail the banking institutions of the States, and to justify that fatal Treasury order, which I shall hereafter have occasion to notice, he expresses his apprehension of the danger to which we are exposed of losing the public domain, and getting nothing for it but *bank credits*. He describes, minutely, the circular process by which the notes of the banks passed out of those institutions to be employed in the purchase of the public lands, and returned again to them in the form of credits to the Government. He forgets that Mr. Secretary Taney, to reconcile the people of the United States to the daring measure of removing the public deposits, had stimulated the banks to the exercise of great liberality in the grant of loans. He informs us, in that message, that the safety of the public funds, and the interests of the people generally, required that these copious issues of the banks should be checked, and that the conversion of the public lands into mere bank credits should be arrested. And his measure to accomplish these objects was that famous Treasury order, already adverted to. Let us pause here for a moment, and contemplate the circumstances under which it was issued. The principle of the order had been proposed and discussed in Congress. But one Senator, as far as I know, in this branch of the Legislature, and not a solitary member, within my knowledge, in the House of Representatives, was in favor of it. And yet, in about a week after the adjournment of Congress, the principle, which met with no countenance from the legislative authority, was embodied in the form of a Treasury edict, and promulgated under the executive authority, to the astonishment of the people of the United States!

If we possessed no other evidence whatever of the hostility of President Jackson to the State banks of the United States, that order would supply conclusive proof. Bank notes, bank issues, bank credits, were distrusted and denounced by him. It was proclaimed to the people that they were unworthy of confidence. The Government could no longer trust in their security. And at a moment when the banking operations were extended, and stretched to their utmost tension; when they were almost all tottering and ready to fall, for the want of that metallic basis on which they all rested, the Executive announces its distrust, issues the Treasury order, and enters the market for specie, by a demand of an extraordinary amount to supply the means of purchasing the public lands. If the sales had continued in the same ratio they had been made during the previous year, that is, at about the rate of twenty-four millions *per annum*, this unprecedented demand created by Government for specie must have exhausted the vaults of most of the banks, and produced much sooner the catastrophe which occurred in May last. And, what is most extraordinary, this wanton demand for specie upon all the

banks of the commercial capitals, and in the busy and thickly peopled portions of the country, was that it might be transported into the wilderness, and, after having been used in the purchase of public lands, deposited to the credit of the Government in the books of western banks, in some of which, according to the message, there were already credits to the Government "greatly beyond their immediate means of payment." Government, therefore, did not itself receive, or rather, did not retain, the very specie which it professed to demand as the only medium worthy of the public lands. The specie, which was so uselessly exacted, was transferred from one set of banks, to the derangement of the commerce and business of the country, and placed in the vaults of another set of banks in the interior, forming only those bank credits to the Government upon which President Jackson placed so slight a value.

Finally, when General Jackson was about to retire from the cares of government, he favored his countrymen with a farewell address. The solemnity of the occasion gives to any opinions which he has expressed in that document a claim to peculiar attention. It will be seen on perusing it, that he denounces, more emphatically than in any of his previous addresses, the bank paper of the country, corporations, and what he chooses to denominate the spirit of monopoly. The Senate will indulge me in calling its attention to certain parts of that address, in the following extracts :

"The Constitution of the United States unquestionably intended to secure to the people a circulating medium of gold and silver. But the establishment of a national bank by Congress, with the privilege of issuing paper money receivable in payment of the public dues, and the unfortunate cause of legislation in the several States upon the same subject, drove from general circulation the constitutional currency, and substituted one of paper in its place."

"The mischief springs from the power which the moneyed interest derives from a paper currency, which they are able to control; from the multitude of corporations, with exclusive privileges, which they have succeeded in obtaining in the different States, and which are employed altogether for their benefit; and unless you become more watchful in your States, and check this spirit of monopoly and thirst for exclusive privileges, you will, in the end, find that the most important powers of Government have been given or bartered away, and the control over your dearest interests has passed into the hands of these corporations."

"But it will require steady and persevering exertions on your part to rid yourselves of the iniquities and mischiefs of the paper system, and to check the spirit of monopoly and other abuses which have sprung up with it, and of which it is the main support. So many interests are united to resist all reform on this subject, that you must not hope that the conflict will be a short one, nor success easy. My humble efforts have not been spared, during my administration of the Government, to restore the constitutional currency of gold and silver: and something, I trust, has been done towards the accomplishment of this most desirable object. But enough yet remains to require all your energy and perseverance. The power, however, is in your hands, and the remedy must and will be applied, if you determine upon it."

The mask is now thrown off, and he boldly says that the constitution of the United States *unquestionably* intended to secure to the people a circulating medium of gold and silver. They have not enjoyed, he says, that benefit, because of the establishment of a national bank, *and the unfortunate course of legislation in the several States*. He does not limit his condemnation of the past policy of his country to the Federal Government, of which he had just ceased to be the chief, but he extends it to the States also, as if they were incompetent to judge of the interests of their respective citizens. He tells us that the mischief springs from the power which the moneyed interest derives from a paper currency, which they are able to control, and the multitude of corporations; and he stimulates the people to become more watchful in their several States, to check this spirit of monopoly. To invigorate their fortitude, he tells the people that it will require steady and persevering exertions

on their part, to rid themselves of the *iniquities* and mischiefs of the paper system, and to check the spirit of monopoly. They must not hope that the conflict will be a short one, nor success easy. His humble efforts have not been spared during his administration, to restore the constitutional currency of gold and silver; and although he has been able to do something towards the accomplishment of that object, *enough yet remains* to require all the energy and perseverance of the people.

Such, Mr. President, are the proofs and the argument on which I rely to establish the second and third propositions which I have been considering. Are they not successfully maintained? Is it possible that any thing could be more conclusive on such a subject?

I pass to the consideration of the fourth proposition.

4. That the present administration, by acknowledgments emanating from the highest and most authentic source, has succeeded to the principles, plans, and policy, of the preceding administration, and stands solemnly pledged to complete and perfect them.

The proofs on this subject are brief; but they are clear, direct, and plenary. It is impossible for any unbiased mind to doubt for a moment about them. You, sir, will be surprised, when I shall array them before you, at their irresistible force. The first that I shall offer is an extract from Mr. Van Buren's letter of acceptance of the nomination of the Baltimore convention, dated May 23d, 1835. In that letter he says: "I content myself, on this occasion, with saying that I consider myself the honored *instrument*, selected by the friends of the present administration, to carry out its principles and policy; and that, as well from inclination as from *duty*, I shall, if honored with the choice of the American people, endeavor generally to follow in the footsteps of President Jackson—happy if I shall be able to *perfect the work* which he has so gloriously begun."

Mr. Van Buren announces that he was the honored instrument selected by the friends of the present administration, to carry out its principles and policy. The honored instrument! That word, according to the most approved definition, means *tool*. He was, then, the honored tool—to do what? to promote the honor, and advance the welfare, of the people of the United States, and to add to the glory of his country? No, no; his country was not in his thoughts. Party, party, filled the place in his bosom which country should have occupied. He was the honored tool to carry out the principles and policy of General Jackson's administration; and, if elected, he should, as well from inclination as from *duty*, endeavor, generally, to tread in the footsteps of General Jackson—happy if he should be able to perfect the work which he had so gloriously begun. Duty to whom? to the country, to the whole people of the United States? No such thing; but duty to the friends of the then administration; and that duty required him to tread in the footsteps of his illustrious predecessor, and to perfect the work which he had begun! Now, the Senate will bear in mind that the most distinguishing features of General Jackson's administration related to the currency; that he had denounced the banking institutions of the country; that he had overthrown the Bank of the United States; that he had declared, when that object was accomplished, only one half the work was completed; that he then commenced war against the State banks, in order to finish the other half; that he constantly persevered in, and never abandoned, his favorite project of a great Government Treasury bank; and that he retired from the office of Chief Magistrate, pouring out, in his farewell address, anathemas against paper money, corporations, and the spirit of monopoly. When all these things are recollected, it is impossible not to comprehend clearly what Mr. Van Buren means, by carrying out the

principles and policy of the late administration. No one can mistake that those principles and that policy require him to break down the local institutions of the States, and to discredit and destroy the paper medium which they issue. No one can be at a loss to understand that, in following in the footsteps of President Jackson, and in perfecting the work which he begun, Mr. Van Buren means to continue attacking, systematically, the banks of the States, and to erect on their ruins that great Government bank, begun by his predecessor, and which he is the honored instrument selected to complete. The next proof which I shall offer is supplied by Mr. Van Buren's inaugural address, from which I request permission of the Senate to read the following extract: "In receiving from the people the sacred trust twice confided to my illustrious predecessor, and which he has discharged so faithfully and so well, I know that I cannot expect to perform the arduous task with equal ability and success. But, *united as I have been in his counsels*, a daily witness of his exclusive and unsurpassed devotion to his country's welfare, *agreeing with him in sentiments* which his countrymen have warmly supported, and permitted to partake *largely* of his confidence, I may hope that somewhat of the same cheering approbation will be found to attend upon my path."

Here we find Mr. Van Buren distinctly avowing, what the American people well knew before, that he had been united in the counsels of General Jackson; that he had agreed with him in sentiments, and that he had partaken largely of his confidence. This intimacy and confidential intercourse could not have existed without the concurrence of Mr. Van Buren in all those leading and prominent measures of his friend, which related to the establishment of a Government bank, the overthrow of the Bank of the United States, the attack upon the State institutions, and the denunciation of the paper currency, the spirit of monopoly, and corporations. Is it credible to believe that General Jackson should have aimed at the accomplishment of all those objects, and entertained all these sentiments, without Mr. Van Buren's participation?

I proceed to another point of powerful evidence, in the conduct of Mr. Van Buren, in respect to the famous Treasury order. That order had been promulgated, originally, in defiance of the opinion of Congress, had been continued in operation in defiance of the wishes and will of the people, and had been repealed by a bill passed at the last ordinary session of Congress, by overwhelming majorities. The fate of that bill is well known. Instead of being returned to the House in which it originated, according to the requirement of the constitution, it was sent to one of the pigeon-holes of the Department of State, to be filed away with an opinion of a convenient Attorney General, always ready to prepare one in support of executive encroachment. On the 5th of March last, not a doubt was entertained, as far as my knowledge or belief extends, that Mr. Van Buren would rescind the obnoxious order. I appeal to the Senator from Missouri, who sits near me, [Mr. LINN,] to the Senator from Mississippi who sits farthest from me, [Mr. WALKER,] to the Senator from Alabama, [Mr. KING,] and to the whole of the administration Senators, if such was not the expectation of all of them. Was there ever an occasion in which a new administration had so fine an opportunity to signalize its commencement by an act of grace and wisdom, demanded by the best interests and most anxious wishes of the people? But Mr. Van Buren did not think proper to embrace it. He had shared too largely in the confidence of his predecessor, agreed too fully with him in sentiments, had been too much united with him in his counsels, to rescind an order which constituted so essential a part of the system which had been deliberately adopted to overthrow the State banks.

Another course pursued by the administration, after the catastrophe of the suspension of specie payments by the banks, demonstrates the hostile purposes towards them of the present administration. When a similar event had occurred during the administration of Mr. Madison, did he discredit and discountenance the issues of the banks, by refusing to receive them in payment of the public dues? Did the State Governments, upon the former or the late occasion, refuse to receive them in payment of the dues to them, respectively? And if irredeemable bank notes are good enough for State Governments and the people, are they not good enough for the Federal Government of the same people? By exacting specie, in all payments to the General Government, that Government presented itself in the market as a powerful and formidable competitor with the banks, demanding specie at a moment when the banks were making unexampled struggles to strengthen themselves, and prepare for the resumption of specie payments. The extent of this Government demand for specie does not admit of exact ascertainment; but when we reflect that the annual expenditures of the Government were at the rate, including the Post Office Department, of about thirty-three millions of dollars, and that its income, made up either of taxes or loans, must be an equal sum, making together an aggregate of sixty-six millions, it will be seen that the amount of specie required for the use of Government must be immensely large. It cannot be precisely determined, but would not be less probably than fifteen or twenty millions of dollars per annum. Now, how is it possible for the banks, coming into the specie market in competition with all the vast power and influence of the Government, to provide themselves with specie in a reasonable time to resume specie payments? That competition would have been avoided, if, upon the stoppage of the banks, the notes of those of whose solidity there was no doubt, had been continued to be received in payment of the public dues, as was done in Mr. Madison's administration. And why, Mr. President, should they not have been? Why should not this Government receive the same description of medium which is found to answer all the purposes of the several State Governments? Why should they have resorted to the expedient of issuing an inferior paper medium, in the form of Treasury notes, and refusing to receive the better notes of safe and solid banks? Do not misunderstand me, Mr. President. No man is more averse than I am to a permanent inconvertible paper medium. It would have been as a temporary measure only that I should have thought it expedient to receive the notes of good local banks. If, along with that measure, the Treasury order had been repealed, and other measures adopted to encourage and coerce the resumption of specie payments, we should have been much nigher that desirable event than, I fear, we now are. Indeed, I do not see when it is possible for the banks to resume specie payments, as long as the Government is in the field, making war upon them, and in the market demanding specie.

Another conclusive evidence of the hostility to the State banks, on the part of Mr. Van Buren, is to be found in that extraordinary recommendation of a bankrupt law contained in his message at the extra session. According to all the principles of any bankrupt system with which I am acquainted, the banks, by the stoppage of specie payment, had rendered themselves liable to its operation. If the recommended law had been passed, commissions of bankruptcy could have been immediately sued out against all the suspended banks, their assets seized, and the administration of them transferred from the several corporations to which it is now intrusted to commissioners appointed by the President himself. Thus, by one blow, would the whole of the State banks have been completely prostrated, and the way cleared for the introduction of the favorite Treasury bank; and is it not in the same

spirit of unfriendliness to those banks, and with the same view of removing all obstacles to the establishment of a Government bank, that the bill was presented to the Senate a few days ago by the Senator from Tennessee [Mr. GRUNDY] against the circulation of the notes of the old Bank of the United States? At a time when there is too much want of confidence, and when every thing that can be done should be done to revive and strengthen it, we are called upon to pass a law denouncing the heaviest penalty and ignominious punishment against all who shall reissue the notes of the old Bank of the United States, of which we are told that about seven millions of dollars are in circulation; and they constitute the best portion of the paper medium of the country; the only portion of it which has a credit everywhere, and which serves the purpose of a general circulation; the only portion with which a man can travel from one end of the continent to the other; and I do not doubt that the Senator who has fulminated these severe pains and penalties against that best part of our paper medium provides himself with a sufficient amount of it, whenever he leaves Nashville, to take him to Washington. [Here Mr. GRUNDY rose and remarked: No, sir; I always travel on specie.] Ah! continued Mr. CLAY, my old friend is always *specieous*. I am quite sure that members from a distance in the interior generally find it indispensable to supply themselves, on commencing their journey, with an adequate amount of these identical notes to defray its expenses. Why, sir, will any man in his senses deny that these notes are far better than those which have been issued by that Government banker, Mr. Levi Woodbury, aided though he be by the chancellor of the exchequer, (I beg his pardon, I mean the ex-chancellor,) the Senator from New York, [Mr. WRIGHT?] I am not going to stop here to inquire into the *strict* legality of the reissue of these notes; that question, together with the power of the Government to pass the proposed bill, will be taken up when it is considered. I am looking into the motive of such a measure. Nobody doubts the perfect safety of the notes; no one can believe that they will not be fairly and fully paid. What, then, is the design of the bill? It is to assail the only sure general medium which the people possess. It is because it may come in competition with Treasury notes or other Government paper. Sir, if the bill had not been proposed by my old friend from Tennessee, I would say its author better deserved a penitentiary punishment than those against whom it is directed. I remember to have heard of an illustrious individual, now in retirement, having, on some occasion, burst out into the most patriotic indignation, because of a waggish trick played off upon him, by putting a note of the late Bank of the United States into his silk purse with his gold.

But it is unnecessary to dwell longer on the innumerable proofs of the hostility against the State banks, and the deliberate purpose of those in power to overthrow them. We hear and see daily, throughout the country, among their partisans and presses, denunciations against banks, corporations, rag barons, the spirit of monopoly, &c.; and the howl for gold, hard money, and the constitutional currency; and no one can listen to the speeches of honorable members, friends of the administration, in this House and the other, without being impressed with a perfect conviction that the destruction of the State banks is meditated.

I have fulfilled my promise, Mr. President, to sustain the first four propositions with which I sat out. I now proceed to the fifth proposition:

5. That the bill under consideration is intended to execute Mr. Van Buren's pledge, to complete and perfect the principles, plans, and policy, of the past administration, by establishing, upon the ruins of the late Bank of the United

States and the State banks, a Government bank, to be managed and controlled by the Treasury Department, acting under the commands of the President of the United States.

The first impression made by the perusal of the bill is the prodigal and boundless discretion which it grants to the Secretary of the Treasury, irreconcilable with the genius of our free institutions, and contrary to the former cautious practice of the Government. As originally reported, he was authorized by the bill to allow any number of clerks he thought proper to the various receivers general, and to fix their salaries. It will be borne in mind that this is the mere commencement of a system; and it cannot be doubted that, if put into operation, the number of receivers general and other depositaries of the public money would be indefinitely multiplied. He is allowed to appoint as many examiners of the public money, and to fix their salaries, as he pleases; he is allowed to erect at pleasure costly buildings; there is no estimate for anything; and all who are conversant with the operations of the executive branch of the Government know the value and importance of previous estimates. There is no other check upon wasteful expenditure but previous estimates; and that was a point always particularly insisted upon by Mr. Jefferson. The Senate will recollect that, a few days ago, when the salary of the receiver general at New York was fixed, the chairman of the Committee of Finance rose in his place and stated that it was *suggested* by the Secretary of the Treasury that it should be placed at \$3,000; and the blank was accordingly so filled. There was no statement of the nature or extent of the duties to be performed, of the time that he would be occupied, of the extent of his responsibility, or the expense of living at the several points where they were to be located; nothing but the *suggestion* of the Secretary of the Treasury, and that was deemed all-sufficient by a majority. There is no limit upon the appropriation which is made to carry into effect the bill, contrary to all former usage, which invariably prescribed a sum not to be transcended.

A most remarkable feature in the bill is that to which I have already called the attention of the Senate, and of which no satisfactory explanation has been given. It is that which proceeds upon the idea that the Treasury is a thing distinct from the treasure of the United States, and gives to the Treasury a local habitation and a name, in the new building which is being erected for the Treasury Department in the city of Washington. In the Treasury, so constituted, is to be placed that pittance of the public revenue which is gleaned from the District of Columbia. All else, that is to say, nine hundred and ninety-nine hundredths of the public revenue of the United States, is to be placed in the hands of the receivers general, and the other depositaries beyond the District of Columbia. Now, the constitution of the United States provides that no money shall be drawn from the public Treasury but in virtue of a previous appropriation by law. That trifling portion of it, therefore, which is within the District of Columbia, will be under the safeguard of the constitution, and all else will be at the arbitrary disposal of the Secretary of the Treasury.

It was deemed necessary, no doubt, to vest in the Secretary of the Treasury this vast and alarming discretionary power. A new and immense Government bank is about to be erected. How it would work in all its parts could not be anticipated with certainty; and it was thought proper, therefore, to bestow a discretion commensurate with its novelty and complexity, and adapted to any exigencies which might arise. The 10th section of the bill is that in which the power to create a bank is more particularly conferred. It is short, and I will read it to the Senate.

"Sec. 10. *And be it further enacted*, That it shall be lawful for the Secretary of the Treasury to transfer the moneys in the hands of *any* depositary hereby constituted, to the Treasury of the United States; to the Mint at Philadelphia; to the Branch Mint at New Orleans; or to the offices of either of the receivers general of public moneys, by this act directed to be appointed; to be there safely kept, according to the provisions of this act; and also to transfer moneys in the hands of *any one* depositary constituted by this act to *any other* depositary constituted by the same, AT HIS DISCRETION, and as the safety of the public moneys, and the convenience of the public service, shall seem to him to require. And for the purpose of payments on the public account, it shall be lawful for the said Secretary to draw upon *any of the said depositories*, as he may think most conducive to the public interests, or to the convenience of the public creditors, or both."

It will be seen that it grants a power, perfectly undefined, to the Secretary of the Treasury, to shift and transfer the public money, from depositary to depositary, as he pleases. He is expressly authorized to transfer moneys in the hands of any one depositary, constituted by the act, to any other depositary constituted by it, *at his discretion*, and as the safety of the public moneys, and the convenience of the public service, shall seem to him to require. There is no specification of any contingency or contingencies on which he is to act. All is left to his discretion. He is to judge when the public service (and more indefinite terms could not have been employed) shall seem to him to require it. It has been said that this is nothing more than the customary power of transfer, exercised by the Treasury Department from the origin of the Government. I deny it; utterly deny it. It is a totally different power from that which was exercised by the cautious Gallatin, and other Secretaries of the Treasury—a power, by the bye, which, on more than one occasion, has been controverted, and which is infinitely more questionable than the power to establish a Bank of the United States. The transfer was made by them rarely, in large sums, and were left to the banks to remit. When payments were made, they were effected in the notes of banks with which the public money was deposited, or to which it was transferred. The rates of exchange were regulated by the state of the market, and under the responsibility of the banks. But here is a power given to transfer the public moneys without limit, as to sum, place, or time, leaving every thing to the discretion of the Secretary of the Treasury, the receivers general, and other depositaries. What a scope is allowed in the fixation of the rates of exchange, whether of premium or discount, to regulate the whole domestic exchanges of the country, to exercise favoritism? These former transfers were not made for disbursement, but as preparatory to disbursement; and when disbursed, it was generally in bank notes. The transfers of this bill are immediate payments, and payments made not in bank notes, but specie.

The last paragraph in the section provides that, for the purpose of payments on the public account, it shall be lawful for the Secretary to draw upon *any of the said depositories*, as he may think most conducive to the public interest, or to the convenience of the public creditors, or both. It will be seen that no limit whatever is imposed upon the amount or form of the draft, or as to the depositary upon which it is drawn. He is made the exclusive judge of what is "most conducive to the public interests." Now, let us pause a moment, and trace the operation of the powers thus vested. The Government has a revenue of from twenty to thirty millions. The Secretary may draw it to any one or more points, as he pleases. More than a moiety of the revenue arising from customs is receivable at the port of New York, to which point the Secretary may draw all portions of it, if he think it conducive to the public interest. A man has to receive, under an appropriation law, \$10,000, and applies to Mr. Secretary for payment. Where will you receive it? he is asked. On New York. How? In drafts from \$5

to \$500. Mr. Secretary will give him these drafts accordingly, upon bank note paper, impressed like and simulating bank notes, having all suitable emblazonry, signed by my friend the Treasurer, (whose excellent practical sense, and solid and sound judgment, if he had been at the head of the Treasury, instead of Mr. Levi Woodbury, when the suspension of specie payments took place, would have relieved or mitigated the pecuniary embarrassments of the Government and the people,) countersigned by the Comptroller, and filled up in the usual way of bank notes. Here is one of them, said Mr. CLAY. [He here held up, to the gaze of the Senate, a Treasury note, having all the appearance of a bank note, colored, engraved, and executed like any other bank note, for \$50.] This, continued Mr. CLAY, is a Government *post* note, put into circulation, paid out as money, and prepared and sent forth, gradually to accustom the people of this country to Government paper.

I have supposed \$10,000 to be received in the mode stated by a person entitled to receive it under an appropriation law. Now, let us suppose what he will do with it. Anywhere to the South or West it will command a premium of from two to five per cent. Nowhere in the United States will it be under par. Do you suppose that the holder of these drafts would be fool enough to convert them in to specie, to be carried and transported at his risk? Do you think that he would not prefer that his money should be in the responsible custody of the Government, rather than in his own insecure keeping? Do you think he will deny to himself the opportunity of realizing the premium of which he may be perfectly sure? The greatest want of the country is a medium of general circulation, and of uniform value everywhere. That, especially, is our want in the western and interior States. Now, here is exactly such a medium; and, supposing the Government bank to be honestly and faithfully administered, it will, during such an administration, be the best convertible paper money in the world, for two reasons: The first is, that every dollar of paper out will be the representative of a dollar of specie in the hands of the receivers general, or other depositaries; and, secondly, if the receivers general should embezzle the public money, the responsibility of the Government to pay the drafts issued upon the basis of that money would remain unimpaired. The paper, therefore, would be as far superior to the paper of any private corporation as the ability and resources of the Government of the United States are superior to those of such corporations.

The banking capacity may be divided into three faculties: deposits, discount of bills of exchange, and promissory notes, or either, and circulation. This Government bank would combine them all, except that it will not discount private notes, nor receive private deposits. In payments for the public lands, indeed, individuals are allowed to make deposits, and to receive certificates of their amount. To guard against their negotiability, a clause has been introduced to render them unassignable. But how will it be possible to maintain such an inconvenient restriction, in a country where every description of paper importing an obligation to pay money or deliver property is assignable, at law or in equity, from the commercial nature and trading character of our people?

Of all the faculties which I have stated of a bank, that which creates a circulation is the most important to the community at large. It is that in which thousands may be interested, who never obtained a discount, or made a deposit with a bank. Whatever a Government agrees to receive in payment of the public dues is a medium of circulation, is money, current money, no matter what its form may be, Treasury notes, drafts drawn at

Washington, by the Treasurer, on the receiver general at New York, or, to use the language employed in various parts of this bill, "such notes, bills, or paper, issued under the authority of the United States." These various provisions were probably inserted not only to cover the case of Treasury notes, but that of these drafts in due season. But if there were no express provision of law, that these drafts should be receivable in payment of public dues, they would, necessarily, be so employed, from their own intrinsic value.

The want of the community of a general circulation of uniform value everywhere in the United States would occasion vast amounts of the species of draft which I have described to remain in circulation. The appropriations this year will probably fall not much short of thirty millions. Thirty millions of Treasury drafts on receivers general, of every denomination, and to any amount, may be issued by the Secretary of the Treasury. What amount would remain in circulation cannot be determined *a priori*, I suppose not less than ten or fifteen millions; at the end of another year, some ten or fifteen millions more; they would fill all the channels of circulation. The war between the Government and State banks continuing, and this mammoth Government bank being in the market, constantly demanding specie for its varied and ramified operations, confidence would be lost in the notes of the local banks, their paper would gradually cease to circulate, and the banks themselves would be crippled and broken. The paper of the Government bank would ultimately fill the vacuum, as it would instantly occupy the place of the notes of the late Bank of the United States.

I am aware, Mr. President, that by the 25th section of the bill, in order to disguise the purpose of the vast machinery which we are about constructing, it is provided that it shall be the duty of the Secretary of the Treasury to issue and publish regulations to enforce the speedy presentation of all Government drafts for payments at the place where payable, &c. Now, what a tremendous power is here vested in the Secretary! He is to prescribe rules and regulations to enforce the *speedy* presentation of all Government drafts for payment at the place where payable. The speedy presentation! In the case I have supposed, a man has his \$10,000 in drafts on the receiver general at New York. The Secretary is empowered to enact regulations requiring him speedily to present them, and if he do not, the Secretary may order them to be paid at St. Louis. At New York they may be worth a premium of five per cent.; on St. Louis they may be liable to a discount of five per cent. Now, in a free Government, who would ever think of subjecting the property or money of a citizen to the exercise of such a power by any Secretary of the Treasury? What opportunity does it not afford to reward a partisan, or punish an opponent? It will be impossible to maintain such an odious and useless restriction for any length of time. Why should the debtor (as the Government would be in the case of such drafts as I have supposed) require his creditor (as the holder of the draft would be) to apply within a prescribed time for his payment? No, sir; the system would control you; you could not so control the system. But if such a ridiculous restriction could be continued, the drafts would, nevertheless, whilst they were out, be the time long or short, perform the office of circulation and money.

Let us trace a little further the operation of this Government bank, and follow it out to its final explosion. I have supposed the appropriation of some thirty millions of dollars annually by the Government, to be disbursed in the form of drafts, issued at Washington by the Treasury Department, upon the depositaries. Of that amount, some ten or fifteen millions would remain, the first year, in circulation; at the end of another year, a similar

amount would continue in circulation ; and so on, from year to year, until, at the end of a series of some five or six years, there would be in circulation, to supply the indispensable wants of commerce and of a general medium of uniform value, not less than some sixty or eighty millions of drafts issued by the Government. These drafts would be generally upon the receiver general at New York, because, on that point, they would be preferred over all others, as they would command a premium, or be at par, throughout the whole extent of the United States ; and we have seen that the Secretary of the Treasury is invested with ample authority to concentrate at that point the whole revenue of the United States.

All experience has demonstrated that in banking operations a much larger amount of paper can be kept out in circulation than the specie which it is necessary to retain in the vaults to meet it when presented for payment. The proportions which the same experience has ascertained to be entirely safe are one of specie to three of paper. If, therefore, the Executive Government had sixty millions of dollars accumulated at the port of New York, in the hands of the receiver general, represented by sixty millions of Government drafts in circulation, it would be known that twenty of that sixty millions would be sufficient to retain to meet any amount of drafts which, in ordinary times, would be presented for payment. There would then remain forty millions in the vaults, idle and unproductive, and of which no practical use could be made. Well : a great election is at hand in the State of New York, the result of which will seal the fate of an existing administration. If the application of ten millions of that dormant capital could save, at some future day, a corrupt Executive from overthrow, can it be doubted that the ten millions would be applied to preserve it in power ? Again : let us suppose some great exigency to arise, a season of war, creating severe financial pressure and embarrassment. Would not an issue of paper, founded upon and exceeding the specie in the vaults, in some such proportions as experience had demonstrated might be safely emitted, be authorized ? Finally, the whole amount of specie might be exhausted, and then, as it is easier to engrave and issue bank notes than to perform the unpopular office of imposing taxes and burdens, the discovery would be made that the *credit* of the Government was a sufficient basis whereupon to make emissions of paper money, to be redeemed when peace and prosperity returned. Then we should have the days of continental money, and of assignats, restored ! Then we should have that Government paper medium which the Senator from South Carolina [Mr. CALHOUN] considers the most perfect of all currency !

Meantime, and during the progress of this vast Government machine, the State banks would be all prostrated. Working well, as it may, if honestly administered, in the first period of its existence, it will be utterly impossible for them to maintain the unequal competition. They could not maintain it, even if the Government were actuated by no unfriendly feelings towards them. But when we know the spirit which animates the present Executive towards them, who can doubt that they must fall in the unequal contest ? Their issues will be discredited and discountenanced, and that system of bankruptcy which the President would even now put into operation against them, will, in the sequel, be passed and enforced without difficulty.

Assuming the downfall of the local banks, the inevitable consequence of the operations of this great Government bank ; assuming, as I have shown would be the case, that the Government would monopolize the paper issues of the country, and obtain the possession of a great portion of the specie of the country, we should then behold a combined and concentrated moneyed power equal to that of all the existing banks of the United States, with that of the late

Bank of the United States superadded. This tremendous power would be wielded by the Secretary of the Treasury, acting under the immediate commands of the President of the United States. Here would be a perfect union of the sword and the purse; here would be no imaginary, but an actual, visible, tangible, consolidation of the moneyed power. Who or what could withstand it? The States themselves would become supplicants at the feet of the Executive for a portion of those paper emissions, of the power to issue which they had been stripped, and which he now exclusively possessed.

Mr. President, my observation and experience have satisfied me that the safety of liberty and prosperity consists in the division of power, whether political or pecuniary. In our federative system, our security is to be found in that happy distribution of power which exists between the Federal Government and the State Governments. In our monetary system, as it lately existed, its excellence resulted from that beautiful arrangement, by which the States had their institutions for local purposes, and the General Government its institution for the more general purposes of the whole Union. There existed the greatest congeniality between all the parts of this admirable system. All was homogeneous. There was no separation of the Federal Government from the States or from the people. There was no attempt to execute practically that absurdity of sustaining, among the same people, two different currencies of unequal value. And how admirably did the whole system, during the forty years of its existence, move and work! And on the two unfortunate occasions of its ceasing to exist, how quickly did the business and transactions of the country run into wild disorder and utter confusion!

Hitherto, I have considered this new project as it is, according to its true nature and character, and what it must inevitably become. I have not examined it as it is not, but as its friends would represent it to be. They hold out the idea that it is a simple contrivance to collect, to keep, and to disburse, the public revenue. In that view of it, every consideration of safety and security recommends the agency of responsible corporations, rather than the employment of particular individuals. It has been shown, during the course of this debate, that the amount which has been lost by the defalcation of individuals has exceeded three or four times the amount of all that has been lost by the local banks, although the sums confided to the care of individuals have not been probably one-tenth part of the amount that has been in the custody of the local banks. And we all know that, during the forty years of existence of the two Banks of the United States, not one cent was lost of the public revenue.

I have been curious, Mr. President, to know whence this idea of receivers general was derived. It has been supposed to have been borrowed from France. It required all the power of that most extraordinary man that ever lived, Napoleon Bonaparte, when he was in his meridian greatness, to displace the farmers general, and to substitute in their place the receivers general. The new system requires, I think I have heard it stated, something like 100,000 employees to have it executed. And, notwithstanding the modesty of the infant promises of this new project, I have no doubt that ultimately we shall have to employ a number of persons approximating to that which is retained in France. That will undoubtedly be the case whenever we shall revive the system of internal taxation. In France, what reconciled them to the system was, that Napoleon first; and the Bourbons afterwards, were pleased with the immense patronage which it gave them. They liked to have 100,000 dependants to add strength to the throne, which had been recently constructed or reascended. I thought; however, that the learned chairman of the Committee of

Finance must have had some other besides the French model for his receivers general; and, accordingly, upon looking into Smith's history of his own State, I found that, when it was yet a colony, some century and a half ago, and when its present noble capital still retained the name of New Amsterdam, the historian says: "Among the principal laws enacted at this session, we may mention that for establishing the revenue, which was drawn into precedent. The sums raised by it were made payable into the hands of receivers general, and issued by the Governor's warrant. By this means the Governor became, for a season, independent of the people, and hence we find frequent instances of the Assemblies contending with him for the discharge of debts to private persons, contracted on the faith of the Government." The then Governor of the colony was a man of great violence of temper, and arbitrary in his conduct. How the sub-Treasury system of that day operated the same historian informs us in a subsequent part of his work. "The revenue," he says, "established the last year, was at this session continued five years longer than was originally intended. This was rendering the Governor independent of the people. For, at that day, the Assembly had no treasure, but the amount of all taxes went, of course, into the hands of the receiver general, who was appointed by the Crown. Out of this fund, moneys were only issuable by the Governor's warrant, so that every officer in the Government, from Mr. Blaithewait, who drew annually five per cent. out of the revenue, as auditor general, down to the meanest servant of the public, became dependent, solely, of the Governor. And hence we find the House, at the close of every session, humbly addressing his Excellency, for the trifling wages of their own clerk." And, Mr. President, if this measure should unhappily pass, the day may come when the Senate of the United States will have humbly to implore some future President of the United States to grant it money to pay the wages of its own sergeant-at-arms and doorkeeper.

Who, Mr. President, are the most conspicuous of those, who perseveringly pressed this bill upon Congress and the American people? Its drawer is the distinguished gentleman in the white house not far off; its endorser is the distinguished Senator from South Carolina, here present. What the drawer thinks of the endorser, his cautious reserve, and stifled enmity, prevent us from knowing. But the frankness of the endorser has not left us in the same ignorance with respect to his opinion of the drawer. He has often expressed it upon the floor of the Senate. On an occasion not very distant, denying to him any of the nobler qualities of the royal beast of the forest, he attributed to him those which belong to the most crafty, most skulking, and one of the meanest of the quadruped tribe. Mr. President, it is due to myself to say that I do not altogether share with the Senator from South Carolina in this opinion of the President of the United States. I have always found him, in his manners and deportment, civil, courteous, and gentlemanly; and he dispenses, in the noble mansion which he now occupies, one worthy the residence of the Chief Magistrate of a great people, a generous and liberal hospitality. An acquaintance with him of more than twenty years duration has inspired me with a respect for the man, although, I regret to be compelled to say, I detest the Magistrate.

The eloquent Senator from South Carolina has intimated that the course of my friends and myself, in opposing this bill, was unpatriotic, and that we ought to have followed in his lead; and, in a late letter of his, he has spoken of his alliance with us, and of his motives for quitting it. I cannot admit the justice of his reproach. We united, if, indeed, there were any alliance in the case, to restrain the enormous expansion of executive power; to arrest the

progress of corruption ; to rebuke usurpation ; and to drive the Goths and Vandals from the capital ; to expel Brennus and his horde from Rome, who, when he threw his sword into the scale, to augment the ransom demanded from the mistress of the world, showed his preference for gold ; that he was a hard-money chieftain. It was by the much more valuable metal of iron that he was driven from her gates. And how often have we witnessed the Senator from South Carolina, with woful countenance, and in doleful strains, pouring forth touching and mournful eloquence on the degeneracy of the times, and the downward tendency of the republic? Day after day, in the Senate, have we seen the displays of his lofty and impassioned eloquence. Although I shared largely with the Senator in his apprehension for the purity of our institutions, and the permanency of civil liberty, disposed always to look at the brighter side of human affairs, I was sometimes inclined to hope that the vivid imagination of the Senator had depicted the dangers by which we were encompassed in somewhat stronger colors than they justified. The arduous contest in which we were so long engaged was about to terminate in a glorious victory. The very object for which the alliance was formed was about to be accomplished. At this critical moment the Senator left us ; he left us for the very purpose of preventing the success of the common cause. He took up his musket, knapsack, and shot-pouch, and joined the other party. He went, horse, foot, and dragon, and he himself composed the whole corps. He went, as his present most distinguished ally commenced with his expunging resolution, *solitary and alone*. The earliest instance recorded in history, within my recollection, of an ally drawing off his forces from the combined army, was that of Achilles at the siege of Troy. He withdrew with all his troops, and remained in the neighborhood, in sullen and dignified inactivity. But he did not join the Trojan forces, and when, during the progress of the siege, his faithful friend fell in battle, he raised his avenging arm, drove the Trojans back into the gates of Troy, and satiated his vengeance by slaying Priam's noblest and dearest son, the finest hero in the immortal Iliad. But Achilles had been wronged, or imagined himself wronged, in the person of the fair and beautiful Briseis. We did no wrong to the distinguished Senator from South Carolina. On the contrary, we respected him, confided in his great and acknowledged ability, his uncommon genius, his extensive experience, his supposed patriotism ; above all, we confided in his stern and inflexible fidelity. Nevertheless, he left us, and joined our common opponents, distrusting and distrusted. He left us, as he tells us in his Edgefield letter, because the victory which our common arms were about to achieve, was not to enure to him and his party, but exclusively to the benefit of his allies and their cause. I thought that, actuated by patriotism, (that noblest of human virtues,) we had been contending together for our common country, for her violated rights, her threatened liberties, her prostrate constitution. Never did I suppose that personal or party considerations entered into our views. Whether, if victory shall ever again be about to perch upon the standard of the spoils party, (the denomination which the Senator from South Carolina has so often given to his present allies,) he will not feel himself constrained, by the principles on which he has acted, to leave them, because it may not enure to the benefit of himself and his party, I leave to be adjusted between themselves.

The speech of the Senator from South Carolina was plausible, ingenious, abstract, metaphysical, and generalizing. It did not appear to me to be adapted to the bosoms and business of human life. It was aerial, and not very high up in the air, Mr. President, either, not quite as high as Mr. Clayton was in his last ascension in his balloon. The Senator announced that there was a single alternative, and no escape from one or the other branch

of it. He stated that we must take the bill under consideration, or the substitute proposed by the Senator from Virginia. I do not concur in that statement of the case. There is another course embraced in neither branch of the Senator's alternative ; and that course is to do nothing ; always the wisest, when you are not certain what you ought to do. Let us suppose that neither branch of the alternative is accepted, and that nothing is done. What, then, would be the consequence ? There would be a restoration of the law of 1789, with all its cautious provisions and securities, provided by the wisdom of our ancestors, which has been so trampled upon by the late and present administrations. By that law, establishing the Treasury Department, the treasure of the United States is to be received, kept, and disbursed, by the Treasurer, under a bond with ample security, under a large penalty fixed by law, and not left, as this bill leaves it, to the uncertain discretion of a Secretary of the Treasury. If, therefore, we were to do nothing, that law would be revived ; the Treasurer would have the custody, as he ought to have, of the public money, and doubtless he would make special deposits of it in all instances with safe and sound State banks, as in some cases the Secretary of the Treasury is now obliged to do. Thus, we should have in operation that very special deposite system, so much desired by some gentlemen, by which the public money would remain separate and unmingled with the money of banks. There is yet another course, unembraced by either branch of the alternative presented by the Senator from South Carolina ; and that is to establish a Bank of the United States, constituted according to the old and approved method of forming such an institution, tested and sanctioned by experience ; a Bank of the United States which should blend public and private interests, and be subject to public and private control, united together in such manner as to present safe and salutary checks against all abuses. The Senator mistakes his own abandonment of that institution as ours. I know that the party in power has barricaded itself against the establishment of such a bank. It adopted, at the last extra session, the extraordinary and unprecedented resolution, that the people of the United States should not have such a bank, although it might be manifest that there was a clear majority of them demanding it. But the day may come, and I trust is not distant, when the will of the people must prevail in the councils of their own Government ; and when it does arrive a bank will be established.

The Senator from South Carolina reminds us that we denounced the pet bank system ; and so we did, and so we do. But does it therefore follow that, bad as that system was, we must be driven into the acceptance of a system infinitely worse ? He tells us that the bill under consideration takes the public funds out of the hands of the Executive, and places them in the hands of the law. It does no such thing. They are now without law, it is true, in the custody of the Executive ; and the bill proposes by law to confirm them in that custody, and to convey new and enormous powers of control to the Executive over them. Every custody of the public funds provided by the bill is a creature of the Executive, dependent upon his breath, and subject to the same breath for removal, whenever the Executive, from caprice, from tyranny, or from party motives, shall choose to order it. What safety is there for the public money, if there were a hundred subordinate executive officers charged with its care, whilst the doctrine of the absolute unity of the whole executive power, promulgated by the last administration, and persisted in by this, remains unrevoked and unrebuked.

Whilst the Senator from South Carolina professes to be the friend of State banks, he has attacked the whole banking system of the United States. He is their friend ; he only thinks they are all unconstitutional ! Why ? Because

the coining power is possessed by the General Government, and that coining power, he argues, was intended to supply a currency of the precious metals; but the State banks absorb the precious metals, and withdraw them from circulation, and, therefore, are in conflict with the coining power. That power, according to my view of it, is nothing but a naked authority to stamp certain pieces of the precious metals, in fixed proportions of alloy and pure metal, prescribed by law, so that their exact value may be known. When that office is performed, the power is *functus officio*; the money passes out of the mint, and becomes the lawful property of those who legally acquire it. They may do with it as they please, throw it into the ocean, bury it in the earth, or melt it in a crucible, without violating any law. When it has once left the vaults of the mint, the law-maker has nothing to do with it, but to protect it against those who attempt to debase or counterfeit, and, subsequently, to pass it as lawful money. In the sense in which the Senator supposes banks to conflict with the coining power, foreign commerce, and especially our commerce with China, conflict with it much more extensively. That is the great absorbent of the precious metals, and is, therefore, much more unconstitutional than the State banks. Foreign commerce sends them out of the country; banks retain them within it. The distinguished Senator is no enemy to the banks; he merely thinks them injurious to the morals and industry of the country. He likes them very well, but he nevertheless believes that they levy a tax of twenty-five millions annually on the industry of the country! Let us examine, Mr. President, how this enormous and iniquitous assessment is made, according to the argument of the Senator from South Carolina. He states that there is a mass of debt due from the community to the banks, amounting to \$475,000,000, the interest upon which, constituting about that sum of \$25,000,000, forms the exceptionable tax. Now, this sum is not paid by the whole community, but only by those individuals who obtain discounts from the banks. They borrow money at six per cent. interest, and invest it in profitable adventures, or otherwise employ it. They would not borrow it if they did not suppose they could make profit by it; and the probability is that they do make profit by it. Instead, therefore, of there being any loss in the operation, there is an actual gain to the community, by the excess of profit made beyond six per cent. interest, which they pay. What are banks? They are mere organized agencies for the loan of money and the transaction of monetary business; regulated agencies, acting under the prescriptions of law, and subject to a responsibility, moral and legal, far transcending that under which any private capitalist operates. A number of persons, not choosing to lend out their money privately, associate together, bring their respective capitals into a common stock, which is controlled and managed by the corporate government of a bank. If no association whatever had been formed, a large portion of this capital, a large portion, therefore, of that very debt of \$475,000,000, would still exist, in the shape of private loans. The Senator from South Carolina might as well collect the aggregate amount of all the mortgages, bonds, and notes, which have been executed in the United States for loans, and assert that the interest paid upon the total sum constituted a tax levied upon the community.

In the liquidation of the debt due to the banks from the community, and from the banks to the community, there would not be as much difficulty as the Senator seems to apprehend. From the mass of debts due to the banks are to be deducted, first, the amount of subscriptions which constitute their capitals; secondly, the amount of deposits to the credit of individuals in their custody; and, thirdly, the amount of their notes in circulation. How easily will these mutual debts neutralize each other! The same person, in

numberless instances, will combine in himself the relations both of creditor and debtor.

The only general operation of banks beyond their discounts and deposits, which pervades the whole community, is that of furnishing a circulation in redeemable paper, beyond the amount of specie to redeem it in their vaults. And can it be doubted that this additional supply of money furnishes a powerful stimulus to industry and production, fully compensating any casual inconveniences, which sometimes, though rarely, occur? Banks reduce the rate of interest, and repress inordinate usury. The salutary influence of banking operations is demonstrated in countries and sections of country where they prevail, when contrasted with those in which they are not found. In the former, all is bustle, activity, general prosperity. The country is beautified and adorned by the noble works of internal improvement; the cities are filled with splendid edifices, and the wharves covered with the rich productions of our own or of foreign climates. In the latter, all is sluggishness, slothfulness, and inactivity. England, in modern times, illustrates the great advantages of banks, of credit, and of stimulated industry. Contrast her with Spain, destitute of all those advantages. In ancient times, Athens would present an image of full and active employment of all the energies of man, carried to the highest point of civilization, whilst her neighbor, Sparta, with her iron money, affords another of the boasted benefits of metallic circulation.

The Senator from South Carolina would do the banks no harm; but they are deemed by him highly injurious to the planting interest! According to him, they inflate prices, and the poor planter sells his productions for hard money, and has to purchase his supplies at the swollen prices produced by a paper medium. Now, I must dissent altogether from the Senator's statement of the case. England, the principal customer of the planter, is quite as much, if not more, a paper country than ours. And the paper-money prices of the one country are neutralized by the paper-money prices of the other country. If the argument were true, that a paper-money country trades disadvantageously with a hard-money country, we ought to continue to employ a paper medium, to counterbalance the paper medium of England. And if we were to banish our paper, and substitute altogether a metallic currency, we should be exposed to the very inequality which has been insisted upon. But there is nothing in that view of the matter which is presented by the Senator from South Carolina. If, as he asserts, prices were always inflated in this country, beyond their standard in England, the rate of exchange would be constantly against us. An examination, however, into the actual state of exchange between the two countries, for a long series of years, evinces that it has generally been in our favor. In the direct trade between England and this country, I have no doubt, there is a large annual balance against us; but that balance is adjusted and liquidated by balances in our favor in other branches of our foreign trade, which have finally concentrated in England, as the great centre of the commercial world.

Of all the interests and branches of industry in this country, none has profited more by the use and employment of credit and capital derived from banks and other sources, than the planting interest. It habitually employs credit in all countries where planting agriculture prevails. The States of Alabama, Mississippi, Arkansas, and Louisiana, have almost sprung into existence, as it were, by magic, or, at least, have been vastly improved and extended, under the influence of the credit system. Lands, slaves, utensils, beasts of burden, and other supplies, have been constantly bought, and still continue to be purchased, upon credit; and bank agency is all essential to give the most

beneficial operation to these credits. But the argument of the Senator from South Carolina, which I am combating, would not be correct, if it were true that we have inflated prices on this side of the Atlantic, without a corresponding inflation of price on the other side; because the planter generally selling at home, and buying at home, the proceeds of his sale, whatever they may be, constitute the means by which he effects his purchases, and consequently neutralize each other. In what do we of the West receive payment for the immense quantity of live stock and other produce of our industry, which we annually sell to the South and Southwest, but that paper medium now so much decried and denounced? The Senator from South Carolina is very fond of the State banks; but he thinks there is no legitimate currency except that of the constitution. He contends that the power which the Government possesses to impose taxes restricts it, in their payment, to the receipt of the precious metals. But the constitution does not say so. The power is given in broad and unrestricted terms; and the Government is left at liberty to collect the taxes in whatever medium or commodity, from the exigencies of the case, it can collect them. It is, doubtless, much the most convenient to collect them in money, because that represents, or can command, every thing, the want of which is implied by the power of taxation. But suppose there was no money in the country, none whatever, to be extorted by the tax-gatherer from an impoverished people? Is the power of Government to cease, and the people to be thrown back into a state of nature? The Senator asks if taxes could be levied and collected in tobacco, in cotton, and other commodities? Undoubtedly they could, if the necessity existed for such an inconvenient imposition. Such a case of necessity did exist in the colony of Virginia, and other colonies, prior to the Revolution, and taxes were accordingly levied in tobacco or other commodities, as wolf-scalps, even at this day, compose a part of the revenue of more than one State.

The argument, then, of the Senator against the right of the Government to receive bank notes in payment of public dues, a practice coeval with the existence of the Government, does not seem to me to be sound. It is not accurate, for another reason. Bank notes, when convertible at the will of the holder into specie, are so much counted or told specie, like the specie which is counted and put in marked kegs, denoting the quantity of their contents. The Senator tells us that it has been only within a few days that he has discovered that it is illegal to receive bank notes in payment of public dues. Does he think that the usage of the Government, under all its administrations, and with every party in power, which has prevailed for nigh fifty years, ought to be set aside by a novel theory of his, just dreamed into existence, even if it possess the merit of ingenuity? The bill under consideration, which has been eulogized by the Senator as perfect in its structure and details, contains a provision that bank notes shall be received in diminished proportions, during a term of six years. He himself introduced that identical principle. It is the only part of the bill that is emphatically his. How, then, can he contend that it is unconstitutional to receive bank notes in payment of public dues? I appeal from himself to himself. The Senator further contends, that general deposits cannot be made with banks, and be thus confounded with the general mass of the funds on which they transact business. The argument supposes that the money collected for taxes must be preserved in identity; but that is impossible, often, to do. May not a collector give the small change which he has received from one tax-payer to another tax-payer, to enable him to effect his payment? May he not change gold for silver, or *vice versâ*, or both, if he be a distant collector, to obtain an undoubted remittance to the public Treasury? What, Mr. President, is the process of ma-

king deposits with banks? The deposite is made, and a credit is entered for its amount to the Government. That credit is supposed to be the exact equivalent of the amount deposited, ready and forthcoming to the Government whenever it is wanted for the purposes of disbursement. It is immaterial to the Government whether it receives back again the identical money put in, or other money of equal value. All that it wants is what it put in the bank, or its equivalent; and that, in ordinary times, with such prudent banks as alone ought to be selected, it is sure of getting. Again: the Treasury has frequently to make remittances to foreign countries, to meet the expenditure necessary there for our naval squadrons, and other purposes. They are made to the bankers, to the Barings or the Rothschilds, in the form of bills of exchange, purchased in the market by the agents of the Government here, with money drawn out of the Treasury. Here is one conversion of the money received from the tax-gatherer into the Treasury. The bills are transmitted to the bankers, honored, paid, and the amount credited by them to the United States. Are the bankers bound to retain the proceeds of the bills in identity? Are they bound to do more than credit the Government for an equal amount, for which they stand responsible whenever it is wanted? If they should happen to use any portion of those very proceeds of bills remitted to them in their banking operations, would it be drawing money from the Treasury, contrary to the provisions of the constitution? The Senator from South Carolina contends that there is no constitutional power to contract with the twenty-five selected banks, as proposed in the substitute; yet the deposite act of 1836, which obtained the hearty approbation of that Senator, contained a similar provision; and the very bill under consideration, so warmly supported by him, provides, under certain contingencies, for contracts to be made with State banks, to receive deposites of the public money upon compensation. He objects to the substitute, that it converts twenty-five State banks into a system of federal institutions; but the employment of State institutions by the federal authority no more makes them federal, than the employment of federal institutions by the States converts them into State institutions. This mutual aid, and this reciprocal employment of the several institutions of the general and particular Governments, is one of the results and beauties of our admirable though complex system of Government. The General Government has the use of the capital, court-houses, prisons, and penitentiaries, in the several States. Do they, therefore, cease to appertain to the States? It is to be borne in mind, that although the State banks may occasionally be used by the federal authority, their legal responsibility to the several States remains unimpaired. They continue to be accountable to them, and their existence can only be terminated or prolonged by the State authority. And being governed, as they are, by corporate authority emanating from and amenable to State jurisdiction, and not under the control of the Executive of the United States, constitutes at once a greater security for the public money, and more safety to the public liberty. It has been argued that a separation of the Government from the banks will diminish the executive power. It must be admitted that the custody of the public money in various banks, subject to the control of State authority, furnishes some check upon the possible abuses of the Executive Government. But the argument maintains that the Executive has least power when it has most complete possession of the public Treasury! The Senator from South Carolina contends that the separation in question being once effected, the relation of the Federal Government and the State banks will be antagonistical. I believe so, Mr. President. That is the very thing I wish to prevent. I want them to live in peace, harmony, and friendship. If they are antago-

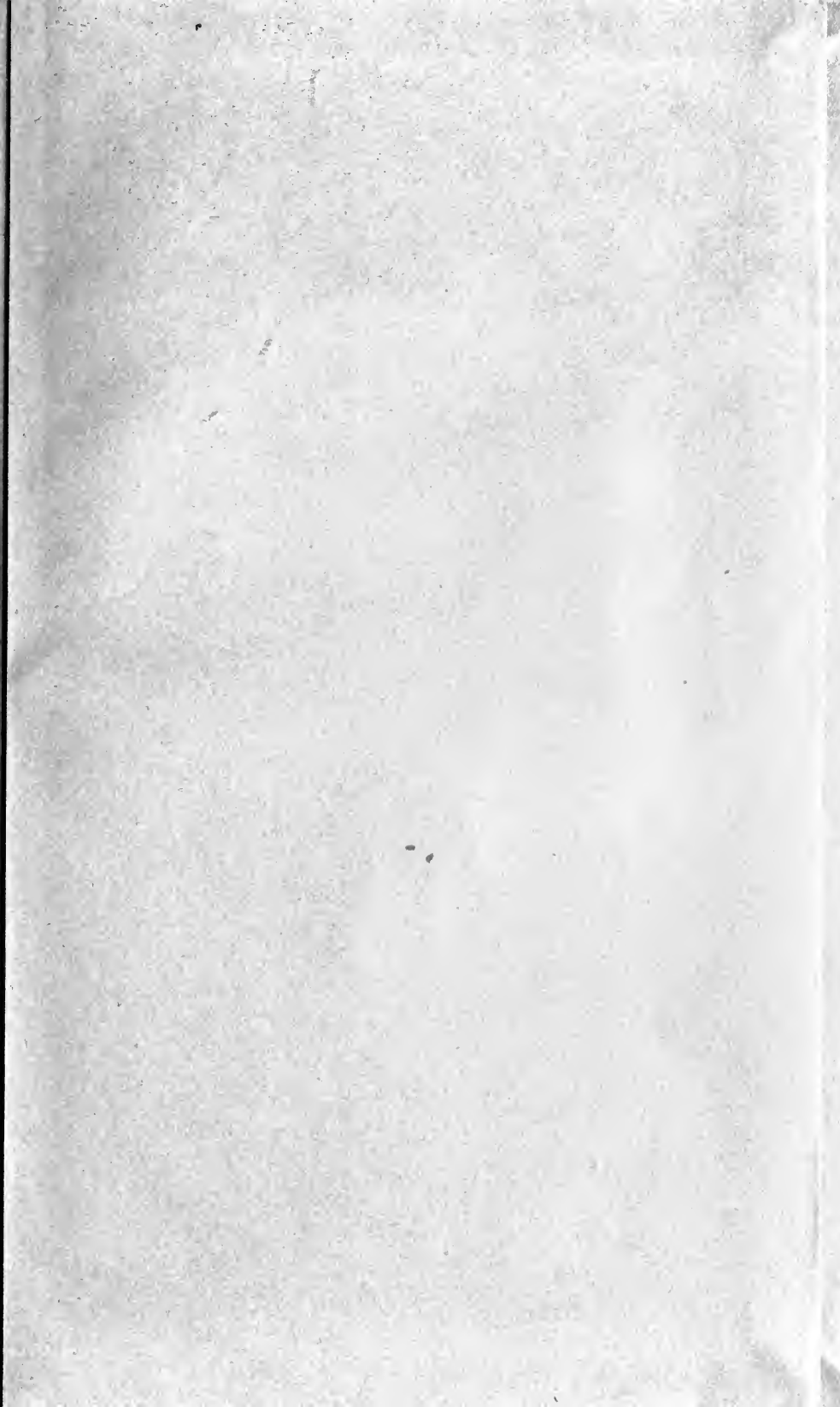
nists, how is it possible that the State banks can maintain their existence against the tremendous influence of this Government? Especially, if this Government should be backed by such a vast Treasury bank as I verily believe this bill is intended to create? And what becomes of the argument urged by the Senator from South Carolina, and the abolition resolutions offered by him at an early period of the session, asserting that the General Government is bound to protect the domestic institutions of the several States?

The substitute is not, I think, what the welfare of the country requires. It may serve the purpose of a good half-way house. Its accommodations appear fair, and, with the feelings of a wearied traveller, one may be tempted to stop awhile and refresh himself there. I shall vote for it as an amendment to the bill, because I believe it the least of two evils, if it should, indeed, inflict any evil; or rather, because I feel myself in the position of a patient to whom the physician presents in one hand a cup of arsenic, and in the other a cup of ptisan: I reject the first, because of the instant death with which it is charged; I take the latter, as being, at the most, harmless, and depend upon the *vis medicatrix natura*. It would have been a great improvement, in my opinion, if the mode of bringing about the resumption of specie payments, contained in the substitute, were reversed: that is to say, if, instead of fixing on the 1st of July for resumption, it had provided that the notes of a certain number of safe, sound, and unquestionable banks to be selected, should be forthwith received, by the General Government, in payment of all public dues; and that if the selected banks did not resume, by a future designated day, their notes should cease to be taken. Several immediate effects would follow: 1st. The Government would withdraw from the market as a competitor with the banks for specie, and they would be left undisturbed to strengthen themselves. And, 2dly, confidence would be restored by taking off the discredit and discountenance thrown upon all banks by the Government. And why should these notes not be so received? They are as good as Treasury notes, if not better. They answer all the purposes of the State Governments and the people. They now would buy as much as specie could have commanded at the period of suspension. They could be disbursed by the Government. And, finally, the measure would be temporary.

But the true and only efficacious and permanent remedy, I solemnly believe, is to be found in a Bank of the United States, properly organized and constituted. We are told that such a bank is fraught with indescribable danger; and that the Government must, in the sequel, get possession of the bank, or the bank of the Government. I oppose to these imaginary terrors the practical experience of forty years. I oppose to them the issue of the memorable contest, commenced by the late President of the United States, against the late Bank of the United States. The administration of that bank had been without serious fault. It had given no just offence to the Government, towards which it had faithfully performed every financial duty. Under its able and enlightened president, it had fulfilled every anticipation which had been formed by those who created it; President Jackson pronounced the edict that it must fall, and it did fall, against the wishes of an immense majority of the people of the United States; against the convictions of its utility entertained by a large majority of the States; and to the prejudice of the best interests of the whole country. If an innocent, unoffending, and highly beneficial institution could be thus easily destroyed by the power of one man, where would be the difficulty of crushing it, if it had given any real cause for just animadversion? Finally, I oppose to these imaginary terrors the example deducible from English history. There a bank has ex-

isted since the year 1694, and neither has the bank got possession of the Government, nor the Government of the bank. They have existed in harmony together, both conducing to the prosperity of that great country; and they have so existed, and so contributed, because each has avoided cherishing towards the other that wanton and unnecessary spirit of hostility which was unfortunately engendered in the bosom of the late President of the United States.

I am admonished, sir, by my exhausted strength, and by, I fear, your more exhausted patience, to hasten to a close. Mr. President, a great, novel, and untried measure, is perseveringly urged upon the acceptance of Congress. That it is pregnant with tremendous consequences, for good or evil, is undeniable, and admitted by all. We firmly believe that it will be fatal to the best interests of this country, and ultimately subversive of its liberties. You, who have been greatly disappointed in other measures of equal promise, can only hope, in the doubtful and uncertain future, that its operation may prove salutary. Since it was first proposed at the extra session, the whole people have not had an opportunity of passing in judgment upon it at their elections. As far as they have, they have expressed their unqualified disapprobation. From Maine to the State of Mississippi, its condemnation has been loudly thundered forth. In every intervening election, the administration has been defeated, or its former majorities neutralized. Maine has spoken; New York, Pennsylvania, Maryland, Ohio, Rhode Island, Mississippi, and Michigan, all these States, in tones and terms not to be misunderstood, have denounced the measure. The key-stone State (God bless her) has twice proclaimed her rejection of it; once at the polls, and once through her Legislature. Friends and foes of the administration have united in condemning it. And, at the very moment when I am addressing you, a large meeting of the late supporters of the administration, headed by the distinguished gentleman who presided in the electoral college which gave the vote of that patriotic State to President Van Buren, are assembling in Philadelphia, to protest solemnly against the passage of this bill. Is it right that, under such circumstances, it should be forced upon a reluctant but free and intelligent people? Is it right that this Senate, constituted as it now is, should give its sanction to the measure? I say it in no disrespectful or taunting sense, but we are entitled, according to the latest expressions of the popular will, and in virtue of manifestations of opinion deliberately expressed by State Legislatures, to a vote of 35 against the bill; and I am ready to enter, with any Senator friendly to the administration, into details to prove the assertion. Will the Senate, then, bring upon itself the odium of passing this bill? I implore it to forbear, forbear, forbear! I appeal to the instructed-Senators. Is this Government made for us, or for the people and the States whose agents we are? Are we not bound so to administer it as to advance their welfare, promote their prosperity, and give general satisfaction? Will that sacred trust be fulfilled, if the known sentiments of large and respectable communities are despised and condemned by those whom they have sent here? I call upon the honorable Senator from Alabama, [Mr. KING,] with whom I have so long stood in the public councils, shoulder to shoulder, bearing up the honor and the glory of this great people, to come now to their rescue. I call upon all the Senators; let us bury deep and forever the character of the partisan, rise up patriots and statesmen, break the vile chains of party, throw the fragments to the winds, and feel the proud satisfaction that we have made but a small sacrifice to the paramount obligations which we owe our common country.



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